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A. Performance Plans

1. Inland Water Transport

a. Freight Transport (Transport Performance of Inland Fleet)

The State Planning Commission suggested 14 million tons for freight transport in ships for 1955. The plan proposal of the Director General of Water Transport is 12.5 million tons for 1955, taking into account the probable development of freight transport by water as estimated by the individual branches of industry.

At present, the State Planning Commission can give no definite estimate on the amount of freight to be moved, because of lack of data for establishing regional balances for freight to be moved, freight to be distributed, and long-term delivery plans. Shipments to be taken over by the State Water Transport on the Oder River in 1955 may be estimated at 1.5 million tons; however, there is no agreement as yet between the Oder Water Transport and the State Planning Commission.

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The ton-kilometer performance is expected to increase to 140 kilometers per ton in 1955, computed on the basis of a figure of about 130 kilometers per ton in 1951 and taking into account the fact that additional long-distance transport sectors are to be taken over.

The Deutsche mark value given for the transport performance of inland water transport were derived from the 1951 finance plan. The resulting average value of 2.6 pfennigs per ton-kilometer agrees with the preliminary balance for 1950. No DSU (Central Office of German Water Transport and Transshipping) final accounting exists so far, nor are any results available yet from the operations accounting, which is still being worked on. Thus, this approximate value had to be entered.

The average income value for the 5 years has been entered as a constant value, because the cost accounting for the Five-Year Plan of the transportation carriers has not been submitted yet, and consequently rates could not as yet be established.

b. Freight Transshipment and Storage (Performance of Inland Ports)

The directive of the State Planning Commission also requested figures for performance of the inland ports, in addition to the figures originally requested. As mentioned above, the DSU accounting results have not yet been submitted. Furthermore, a practical statistical evaluation was not started until 1 January 1951. Consequently, here, too, figures are based largely on assumptions. Performances of the inland ports have been established only for ports under the DSU, because the majority of the other transshipping ports are under the Laender administrations and no performance evaluation has been given for them.

According to the opinion of the most important ports, the transshipping performance proper will increase approximately 30 percent during the Five-Year Plan. The 1951 finance plan and the preliminary balance for 1950 were again used to establish the income figures, on the basis of an average income value of 1.46 Deutsche marks per ton transshipped. This average value was used for the entire plan period, since transshipping rates can be established only after actual costs have been cited.

Together with the increase in transshipping performance in the DSU ports, there is an increase in granary utilization and freight storage. Here, a switch from long-term storage to short-term storage was taken into account, caused by better cooperation of the transport carriers in the ports and by the efforts of economic enterprises to avoid unnecessary storage periods for economic goods. It has not yet been possible to establish an income figure for storage operations proper, because at present the charges are based on a variety of factors, such as weight, area, and cubic measurement.

c. Passenger Transport (Performance of Passenger Fleet)

Total passenger transport by passenger ships will increase by 10.6 percent, chiefly because of the expansion of scheduled coastal traffic and longer sector runs in the Berlin and Sachsen area, and also because of special trips for enterprises and for cultural events. It is planned to increase the passenger transport performance of the people-owned passenger fleet by 17.3 percent through an increase in passenger space. Throughout the Five-Year Plan the planned income is based uniformly on the value of 1.27 Deutsche marks per passenger, which corresponds to the 1951 finance plan and the 1950 preliminary balance.

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2. Ocean Transport and Coastal Traffic

a. Freight Transport (Transport Performance of Ocean-Going Fleet)

The transport performance of the ocean-going fleet could not be included in the Five-Year Plan, because detailed development figures for foreign trade are not yet available.

b. Freight Transshipment (Performance of Seaports)

It has not yet been possible to plan for the performance of seaports during the Five-Year Plan because of the same lack of prerequisites as for establishment of transport performance of the ocean-going fleet, and because the pattern of development of industry dependent on seaports has not yet been definitely established.

Furthermore, after determining the detailed plan figures for overseas trade, a rectification will have to be made to cover the planned addition of the ports of Stettin and later of Hamburg.

3. Repair Performance of Shipyards

The total repair performance of the shipyards has been correlated with the planned capacity of the shipyards, and is to attain a value of 70.3 million Deutsche marks during the entire Five-Year Plan. This figure includes approximately 20 million Deutsche marks for replacement investments for the inland fleet, approximately 18 million Deutsche marks for the ocean and inland service fleet, and approximately 2 million Deutsche marks for the passenger fleet. Approximately 56 percent of this represents new construction. With the reorganization of the people-owned shipbuilding industry, this new construction will be taken over by the Federation of People-Owned Shipyards of the Ministry for Machine Building. It is planned to take the shipyards at Uebigau, Plaue, Stralsund, and Wismar out of the Federation of Repair Shipyards and incorporate them into the industry as production shipyards. As far as the Five-Year Plan is concerned, after completion of the reorganization, the repair performance of the shipyards will thus amount to 44 percent of the original total figure, since the planned capacity of those shipyards which are to join the industry corresponds to the capacity increase planned for the fleets.

B. Development of Capacity (Investments)

1. Fleets

a. Inland Fleet

The draft submitted for the Five-Year Plan takes into account the fact that, because of the high average age and the partly unsatisfactory condition of the inland fleet, approximately 17.7 percent of the total tonnage will have to be deducted for wrecking. This assumes that that the remaining tonnage will be maintained in the best possible condition. The repair backlog makes it necessary that general repairs, at least until 1952, be subsidized by additional funds for general repair. This tonnage deficit, in the face of the planned performance increase to 12.5 million tons of freight to be transported in 1955, will be offset by the increase in the fleet's internal performance (better use of cargo space through better transport planning, shorter turnaround times, etc.), and by investments and replacement investments totaling 59,462 tons of loading space. The new vessels are almost exclusively to be self-propelled craft, whose value is computed as equal to 1.5 tons of nonself-propelled craft. The recent realization that in a planned economy the inland water transport should carry chiefly bulk-goods shipments, for which a more economical method of utilizing towed vessels may be considered, called for new planning of the fleet development. As

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already proved, the planned wreckings constitute a minimum value which can be exceeded rather than undercut if the condition of the fleet is not watched carefully. Therefore, to obtain the planned performances by the fleet, it is necessary to develop not only the construction of nonself-propelled craft and the necessary tugboats, but also self-propelled craft, mainly for the interior and for the combined inland and coastal traffic.

Planned are:

	<u>Tons of Loading Space</u>
Nonsself-propelled craft	54,232
New construction	45,732
Replacements	8,500
Self-propelled craft	26,030
New construction	12,230
Replacements	13,800

The tug power required for this loading space is planned within the Five-Year Plan at a total of 13,345 horsepower, including new construction of 4,345 horsepower.

The computation in regard to performance is based on a slowing down of the rate of decrease in shipping space, an increase in the full utilization of capacity as the result of regular repairs, as described above, and an increase in turnaround time. As compared with the originally planned 20 million Deutsche marks of investments, this calls for increased demand of 3.6 million Deutsche marks. The actual costs of a ton of freight space are computed on the assumption that they will decrease sharply as a result of the streamlining of the shipyards. In conclusion, it may be added that the entire capacity development refers to the people-owned fleet. The private fleet will decrease through natural losses.

b. Service Fleet

In order to fulfill its assignments in the inland sector and, particularly, to meet the demands of the seaways, the overage service fleet must be decisively rejuvenated and its capacity increased. The preponderant part of the investments, valued at approximately 17 million Deutsche marks, for the ocean service fleet are earmarked for the large-scale program for dredging the sea lanes, particularly in connection with the expansion of shipyards for ocean-going vessels, and for the maintenance of sea markers. For instance, plans provide for the construction of two ocean dredgers, one flushing vessel, several hopper and flushing barges, and tugboats for dredging operations. The river masters' boats, work boats, and inspection boats, all of which are deteriorating greatly, will have to be replaced by new ones. The expected increase in ocean traffic calls for three icebreakers of 800 horsepower each. In addition, a buoy-laying vessel and a sea marker inspection ship will be built.

c. Ocean Fleet

The Five-Year Plan calls for construction of 22 ocean-going vessels. In contrast, the State Planning Commission mentioned 22, 20, and finally 18 commercial ships. Since no data for planning was available, the Directorate General of Water Transport had to undertake the development of the plan. It began with the construction of 22 ocean-going commercial ships. The dates for the beginning of construction, period of construction, and launching were determined for the individual types of ships. The latest findings and experiences in the international field of ocean-going shipbuilding were incorporated, and the probable development of the shipyards in the German Democratic Republic was taken into account. The voluminous planning work itself is dealt with in a

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special presentation. Since, however, planning was done only by the Directorate General of Water Transport, it is necessary that the industry should finally undertake to draw up an exact plan and adjust it with that of the Directorate General of Water Transport.

2. Ports

a. Inland Ports

The investments for inland ports total about 15 million Deutsche marks. The key ports especially are being developed. These are Riesa for the central Sachsen area, Magdeburg for the central German area, and Halle for the Saale district. The Berlin ports are not taken into consideration here, because they are under the Magistrate of Greater Berlin.

Furthermore, the structural and mechanical installations and transportation equipment in these ports will have to be replaced during the Five-Year Plan in order to maintain the performance capacity.

b. Seaports

The seaports of Rostock-Warnemuende, Wismar, and Stralsund meet present demands on their installations; however, to insure the present transshipping capacity, considerable replacement investments are necessary: Rostock, 6,605,000 Deutsche marks; Wismar, 4,927,000 Deutsche marks; Stralsund 2,050,000 Deutsche marks; total, 13,582,000 Deutsche marks.

No new installations are necessary for an assumed performance increase of 40 to 50 percent above the Two-Year Plan. However, the construction of an oil mill (water-operated industry), including granary and elevator, is planned in the Kali (potash) port of Wismar for receiving and processing oleaginous plants imported from East Asia. This will eliminate the costs of transporting the oleaginous plants to the nearest oil mill at Wittenberge, which will result in a saving of approximately one million Deutsche marks. Planned annual production at the Wismar mill will amount to 100,000 tons. With increased ocean traffic, particularly larger vessels, lightering at anchorage will be necessary. Four ocean lighters valued at 1,600,000 Deutsche marks are planned for this purpose. Altogether this constitutes an additional requirement of 4,242,000 Deutsche marks for the three port associations, or a total of 29,242,000 Deutsche marks.

So far, Land Mecklenburg has included the investments in its plan. As already pointed out, the exact planning of overseas shipments must be determined in detail, since this is necessary, together with the inclusion of Stettin and later Hamburg, to achieve a more correct estimate of the capacity development of the seaports.

3. Shipyards

The capacity development of the shipyards, particularly the change to result from the reorganization of the shipbuilding industry, has already been explained. The necessary investments, including those for the Federation which is to be established, for the German Ship Inspection and Classification, and for the designing office for ship construction, total 8,600,000 Deutsche marks. Of special importance are the development of the transverse slipway installation and the dry dock at the State Shipyard at Stralsund, the slipway installation for the machine-building yard at Plau, and machinery for the other shipyards. Upon completion of the reorganization of the industry, those shipyards which have been transferred to the Federation of People-Owned Shipyards will have to work out a new development plan for capacities (investments).

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4. Inland Waterways

The inland waterways include the area of the Elbe River; the waterways of Mark Brandenburg, including the Berlin waterways; the Mecklenburg waterways; and the area of the Oder River. The main objective of the expansion of the inland waterway net is the creation of a route from the Elbe River via Berlin to Stettin which will be navigable for 1,000-ton ships. The present Five-Year Plan could include only one project for this expansion, namely, the deepening of the lower Havel River in Mark Brandenburg, at a cost of 600,000 Deutsche marks. The purpose of the remaining items provided for in the Five-Year Plan is the restoration of prewar conditions. It is planned to make the Saale River navigable at low-water level for 600-ton ships as far as Halle, and 600,000 Deutsche marks have been set aside for this. The feeder waterways (upper Havel, Mueritz, and Elde rivers) will be deepened for 450-ton ships; 800,000 Deutsche marks are provided for this project.

The funds provided in the Five-Year Plan for inland waterways, 30 million Deutsche marks, will have to be increased by 14,450,000 Deutsche marks for expanding the Elbe-Oder canal system to accommodate 1,000-ton ships. The following construction projects, and funds totaling 14,450,000 Deutsche marks are necessary:

- a. Expansion of the Brandenburg lock, 3 million Deutsche marks.
- b. New construction of a lock at Spandau, 5 million Deutsche marks.
- c. Excavation above Brandenburg and widening of the granary canal, 3 million Deutsche marks.
- d. Expansion of the Oder-Havel Canal, 1.6 million Deutsche marks.
- e. Widening of the Hohensaaten-Friedrichthal waterway, 1.6 million Deutsche marks.
- f. Expansion of the Hohensaaten lock on the East Oder River, 250,000 Deutsche marks.

Particularly noteworthy among the construction projects on the Elbe River are the projects for construction of a double lock and a weir to dam up the rocky stretch at Magdeburg. These projects are to be started in 1954.

The scientific work (basic research) for all the inland and sea waterways will have to be expanded. Especially important are the tests with colored lights for the sea marker service and the development of light beacons. The following table lists the total investment and maintenance funds for the inland waterways (in Deutsche marks):

	<u>Investments</u>	<u>Maintenance</u>
Elbe River area	12,600,000	8,850,000
Oder River area	300,000	2,700,000
Waterways of Mark Brandenburg	1,000,000	11,460,000
Berlin waterways	--	9,550,000
Mueritz-Elde waterways	8,000,000	1,390,000
For service fleet, telephone installations, research institute building, etc.	7,117,500	23,517,900
Total	29,017,500	57,467,900

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	<u>Investments</u>	<u>Maintenance</u>
Inland ports		4,900,000
Total		62,367,900

Necessary for deepening the Elbe-Oder-Stettin waterway (for 1,000-ton ships)	14,450,000
Total	43,467,500

5. Seaways

The expansion of the seaways is necessary because not only ships engaged in border sea traffic but also overseas ships may enter the seaports of the German Democratic Republic. In this connection considerable numbers of sea markers have to be provided to mark compulsory routes around the island of Ruegen and in the bay of Mecklenburg. Furthermore, a directed-light beacon installation is being provided for the approach to Wismar, particularly for night and murky weather. In 1950 the navigation channel to Wismar was deepened to 8 meters. In 1951, therefore, the industrial port basin and in 1952 the Kali (potash) port will have to be dredged to the same depth. The dredging projects imposed upon the Directorate General of Water Transport within the framework of the shipyard expansion program by the government decree of 17 August 1950 have been incorporated into the Five-Year Plan with only 3,457,000 Deutsche marks. The funds necessary for these projects for 1952 - 1953, in the amount of 11,954,000 Deutsche marks, are not included, but will have to be provided as additional funds, because otherwise the dredging work for the expansion of shipyard industries would have to be charged against the investments for seaways.

The Five-Year Plan provided 895,000 Deutsche marks for the expansion of the Navigation School at Wustrow. The necessity of a total investment of 1,250,000 Deutsche marks will subsequently be justified under the heading "Trainees," which marks an additional demand for 355,000 Deutsche marks. The following table gives the data on investments for seaways (in Deutsche marks):

	<u>Investments</u>	<u>Maintenance</u>
Moles and breakwaters	2,714,000	
Dredging projects	2,630,000	
Repair base for buoys	2,101,000	
Sea markers	4,158,000	
Service fleet	23,154,000	
Wustrow School	895,000	
Office and dwelling space	742,500	
Total	36,394,500	14,546,000
Additional amount for deepening navigation channels	11,954,000	
Wustrow Navigation School	355,000	
Total for seaways	48,703,500	14,546,000

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On the basis of the control figure given for investments, 222,000 Deutsche marks, the additional demand of 63,618,500 Deutsche marks is thus accounted for.

The breakdown is as follows:

	<u>Additional Demand</u> <u>(Deutsche marks)</u>
Inland fleet	3,600,000
Inland waterways	43,467,500
Dredging work (shipyard expansion)	11,954,000
Wustrow Navigation School	355,000
Seaports	4,242,000
Total	63,618,500

C. Finances

1. Lowering of Costs

Planning for reduction of costs was done within the framework of the control figures furnished for the individual years. The cost figure for 1951 has been reached in practice by the enterprises, but, as a result of the lack of rigid prices, it has not had any effect financially, because cost reductions in materials and savings effected through economic management have been passed on to the customers. The cost figures for the next 3 years of the Five-Year Plan have been planned on the assumption that in 1951 rigid prices will be established. Negotiations on price planning have already taken place.

2. Working Capital

The increase in the transshipping figure already shows the planned improvement in the working methods of the enterprises. However, an attempt will be made to attain an increase in the planned figures in the individual years.

It will be necessary to recheck the entire finance plan in detail after the final balances for 1950 are available.

D. Manpower

The manpower plan for the Directorate General of Water Transport was established for the first time for 1950 without any practical experience from previous years to draw on. Since the Five-Year Plan was developed simultaneously, and since the first statistical manpower survey was not made until mid-1950, no data or actual figures were available. Therefore the performance plans, the investment projects for the waterways, and the salvage program served as the basis for the computation of the manpower plan. The increase in gross production by about 16 percent is accompanied by an increase in manpower of about 7 percent. This takes into account the development of greater productivity per employee. This increase in productivity will be attained through the extensive adoption of performance wages and of performance premiums, and through expansion and further development of the activist and competition movements. In contrast to administrative personnel, the number of technical personnel will increase. Improved work is foreseen as the result of augmented training of new employees and follow-up training of technicians on the job.

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E. Cultural, Social, and Health Matters**1. Cultural Matters**

The expansion and improvement of existing cultural institutions and the establishment of rooms for cultural purposes for the smaller enterprises and offices will be concluded for the most part during 1951.

The main item for the years 1952 - 1955 is the improvement of cultural guidance for seafaring personnel. In connection with this assignment, the prerequisites are to be created for deepening cultural and sociopolitical relations with West German and foreign ships' crews.

To achieve this task the construction of one cultural institution a year at the water transport junctions has been planned. In the seaports it is intended to establish a cultural institution in Wismar in 1952 and one each in Rostock and Stralsund in 1953. In conjunction with these objectives, sports installations are to be created which will enable ships' crews to engage in sports activities during even short layovers.

To improve the conditions of female water transport employees, the construction of a children's summer home in Lehnitz is planned for 1951.

Considering the hitherto entirely unsatisfactory condition of cultural installations, the amounts indicated in the control figures are by no means sufficient. Therefore, an increase of 546,000 Deutsche marks is suggested, to be taken out of the total allocation for main installations.

2. Welfare

Improvement of the social conditions of seafaring personnel necessitates increasing the suggested sum of 30,000 Deutsche marks to 210,000 Deutsche marks, the excess to be taken out of the total allocation for main investments in 1951. These funds will serve to erect a crew house at the port of Riesa and one on the island of Daenholm, which is being expanded as a repair base for the ocean service fleet. These houses include a kitchen, a mess hall, club rooms, and a wash room and shower installation.

For better social care of those workers employed on construction sites off the main routes, four ships with living accommodations will be built in 1951.

For the years 1952 - 1955 it is planned to erect washrooms and shower installations at all transshipping points; they are urgently needed because of the dirty work involved. Since the control figure given, 30,000 Deutsche marks, is insufficient for this, an increase to 55,000 Deutsche marks is proposed, the excess to be taken out of the funds for minor health projects.

3. Health

The very diversified structure of water transport, with its large number of small-scale enterprises and offices, precludes the establishment of large health installations. The funds requested are generally used for the expansion and improvement of existing installations.

The condition of health installations in general may be considered adequate. Therefore, it is planned to shift the funds provided for the years 1953 - 1955 to other purposes, except for the part earmarked for welfare.

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F. Trainees

The construction of people-owned sea-going commercial vessels calls for the training of seafaring and technical personnel. Therefore, the Wustrow Navigation School will be expanded to accommodate 200 students in 1951 and 350 in 1952. It is necessary to house these students in group lodgings in order to achieve a concentration of training. The expansion of the capacity of the Wustrow Navigation School includes schoolrooms, lecture halls, and laboratories for nautical and machine operations. As already mentioned, no funds from the total allocation for the Directorate General of Water Transport can be made available this year because of the cuts in investments in favor of the shipyard industry. Of the total of 1,250,000 Deutsche marks needed for the development of the entire project, 750,000 Deutsche marks will be needed in 1951 in order to insure a sufficient number of trainees for the activation plan for seagoing commercial ships and fishing fleets.

Since the trade of water construction worker has now been acknowledged as one to be included in training programs, obsolete methods in this important field of work will be eliminated. The training of water construction workers is undertaken in a combined training course: theoretical instruction is given in the trade school at Klein-Machnow; practical training is given on ships with living accommodations, at the sites where work is being done on the waterways; and trade training, together with the training of technical workers for shipyards and repair shops of the Water Transport Directorate, is given in the training shop of the shipyard at Genthin. Construction and expansion of installations for the combined training course have already begun and will, for the most part, be concluded by the beginning of 1952.

It is planned to erect a sailors' trade school in 1954, to train young crews for the ocean-going fleet.

Negotiations have begun with the State Secretary for Trade Training to secure the planned funds for the extremely important water-transport-training program.

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